INWARD FOREIGN MAILS

From Europe by Suez.....Euryades, left Hamburg May 5, due S'hai July 3
From U.S.A.....Pres. Grant, left Seattle June 19, due Shanghai July 6

OUTWARD FOREIGN MAILS

For Europe by Suez....Carthage, closes at 12 on July 6, due L'don Aug. 7
For U.S.A.....Pres. McKinley, closes at 21 on July 5, due Seattle July 21
For mails by Siberia and by air see page 8

NORTH-CHINA DAILY NEWS

Tsz-ling-se-pao-yu-han-kung-sze

SHANGHAI, SATURDAY, JULY 3, 1937

司公限有報西林字

TO-DAY'S ENTERTAINMENTS

Arcadia: Entertainment	72626	Kiangwan: Racing, 2.30	
Auditorium: Hai Alai, 8 p.m.	70099	Lafayette: Captain January	81200
Canidrome: Greyhound Racing, 8.30		Metropol: Escadrille	93322
Capitol: Call It a Day	17100	Municipal Orchestra: Opening Concert, 9 p.m.	
Cathay: Make Way for Tomorrow	73757	Nanking: Night Must Fall	84133
Ciro's: Entertainment	34340	Rialto: Plough and the Stars	94110
Grand: Love is News	32223	Weida Hotel: Entertainment	
Hongkew: North of Nome	40148	Willies: Last of the Pagans	43982
Isis: Spain in Flames	46721		

MOSCOW PARLEYS ON AMUR AFFAIR DEADLOCKED

M. Maxim Litvinoff Rejects Japanese Demarches on Occupation of Bolshoi and Sennuha Islands

KWANTUNG ARMY ISSUES NEW WARNING

Changchun Threat After Soviet Warships Gather in Demonstration: Troops Said Concentrating

Changchun, July 2.

THE Kwantung Army to-day warned the Soviet military authorities that it would be constrained to take "drastic action in self-defence" against Russian gunboats which deviate from the main channel on the Amur River and enter Manchoukuo's territorial waters. This ultimatum followed reports that a demonstration was staged yesterday by five Soviet gunboats near Sennuha, where a Russian warship was sunk by Japanese shells on Wednesday. Both islands are still held by Soviet troops.—Domei.

Moscow, July 2.

The Soviet Foreign Commissar, M. Maxim Litvinoff, last night refused to entertain Japanese proposals for settlement of the Amur River incidents submitted to him by the Japanese Ambassador, Mr. Mamoru Shigemitsu. Domei learned that M. Litvinoff, in the two-hour interview, voiced strong criticism of the Japanese version of the affair.

The substance of Mr. Shigemitsu's views expressed at the meeting was learned to have been that Soviet gunboats were found plying in Manchoukuo territorial waters and for peace in the region, it is necessary to withdraw Soviet troops from Sennuha and Bolshoi islands. Both these contentions were rejected by M. Litvinoff. Mr. Shigemitsu will resume negotiations with the Soviet authorities on receipt of fresh instructions from the Gaimusho.

Group in Tokyo Demands Break With U.S.S.R.

Affiliate of "Black Dragon Society" Issues Plea

JAPANESE PRESS CALM OVER AMUR AFFAIR

Tokyo, July 2.

Immediate suspension of diplomatic relations with the Soviet Union was demanded in a petition submitted to the Government to-day by the ultra-reactionary Japan Production Party.

The petition, copies of which were received by the Premier, Prince Fumimaro Konoye; the Foreign Minister, Mr. Koki Hirota; Gen. Gen Sugiyama, War Minister, and Admiral Mitsumasa Yonai; Navy Minister, urged them to rally the nation to the cause of diplomacy "based on justice."

The Japan Production Party, affiliated with the notorious "Black Dragon Society," is headed by Mr. Ryohei Uchida, a disciple of Mr. Mitsuru Toyama, who for more than fifty years has been regarded as the leading figure of Japan's super-patriotic movement.

The petition was filed while the Japanese Ambassador, Mr. Mamoru Shigemitsu, continued negotiations with the Soviet Foreign Commissar, Mr. Maxim Litvinoff, for the settlement of Wednesday's sanguinary clash on the Amur River.

Gaimusho Comments

A Gaimusho spokesman to-day told the press that, "Nobody knows what the outcome of the present controversy will be if Soviet troops stubbornly refuse to evacuate the two islands."

Other Gaimusho officials said they hoped for an amicable settlement as a result of negotiations in Moscow but pointed out that the major issues at stake were the prompt withdrawal of Soviet troops from Bolshoi and Sennuha islands and restoration of the status quo ante of navigation on the Amur River. Thereafter all controversies could be referred with advantage to diplomatic negotiation.

Press Remains Calm

Newspapers continued to maintain a calm tone, with the exception of two minor but popular dailies.

Efforts of the Foreign Office to continue negotiations with the Soviet Government on the condition that Red troops now occupying Amur River islands are withdrawn, were commended by the "Asahi Shimbun."

"If the Soviet Government really desires peace, an amicable settlement will not be difficult to achieve," the "Nichi-Nichi Shimbun" said.

The "Chugai Shogyo Shimpo," supposed voice of the financial community, noted that the major causes of the frontier troubles were traceable to the ambiguity of the border and trusted that most disputes between Japan and Manchoukuo could be eliminated through commissions for border delimitation and adjustment.

The "Kokumin Shimbun" urged the Foreign Office and the Ministry of War to be fully prepared against "any eventuality."

The "Miyako Shimbun" counselled the Gaimusho to demand the withdrawal of Soviet troop concentrations from eastern Siberia as the Soviet Government was responsible for the Amur incident which was precipitated either by the orders of Moscow or by some Soviet commander acting in defiance of Moscow's instructions.

Many press despatches received here from Changchun to-day reported a half-hour reconnoitering flight by three Soviet military planes over Sennuha yesterday afternoon. The craft later disappeared in the direction of Blagoveschensk, which has now become an important military base.—Domei.

Mr. Shigemitsu later told foreign press correspondents that he had also filed a protest with M. Litvinoff against the imposition of a strict censorship on press despatches on the Amur incident. Earlier in the afternoon the Japanese envoy lodged his second protest against the Sennuha incident, after exchanging views with M. B. S. Stomoniakoff, Vice-Commissar for Foreign Affairs.

The first protest against illegal blocking of the Pojarkovo channel and the subsequent occupation of Bolshoi and Sennuha islands by Soviet troops, was lodged on June 29, when M. Litvinoff pledged withdrawal of Soviet troops and asked the Japanese Government to take suitable steps to alleviate tension on the Amur. On the following afternoon, a Soviet gunboat was sunk and another damaged in a clash with Japanese troops.

U.S. Envoy Urges Calm

Localization of the Amur dispute was urged yesterday by Mr. Joseph E. Davies, American Ambassador to Russia, in an interview with Mr. Shigemitsu. During this interview at the Japanese Embassy here, Mr. Davies emphasized that he did not represent the United States Government but was acting in his private capacity.

Mr. Davies' call on M. Litvinoff last night was postponed because of the Commissar's preoccupation with the Amur issue.—Domei.

Shipping Stops on River

Harbin, July 2.

Steamship companies here to-day decided not to accept cargo or passengers for points north of Fuchin, on the Sungari River, in consequence of the tension between Japan and Russia over the Amur River incident.

It is widely reported here that the Soviets are concentrating troops, artillery and gunboats near Kanchatzu and Chinamuho, on the Amur river.—Reuter.

Manchu Official Slighted

Changchun, July 2.

Manchoukuo officials here to-day charged Soviet consular representatives in Harbin with "a grave breach of diplomatic etiquette" in failing to receive Mr. Shih Li-pen, Foreign Affairs Commissioner for North Manchuria.

Mr. Shih reported he sought to communicate with M. V. V. Kuznetsoff, acting Soviet Consul-General in Harbin, on Wednesday night to file a protest over the Sennuha Island affray but the latter said he was indisposed and could not meet the Manchoukuo representative. The Soviet Vice-Consul, M. Leontieff, also claimed illness and refused to meet him. Yesterday, Mr. Shih's report continued, he invited M. Leontieff to his office, but the latter failed to appear. Thereupon, Mr. Shih said, he had to file the protest by telephone through a secretary of M. Kuznetsoff.—Domei.

Emperor Informed

Tokyo, July 2.

Reflecting the unusual importance attached to the present tension on the Amur River by high Japanese government circles, Marshal Prince Kotohito Kanin, chief of the Army General Staff this afternoon submitted a report on the situation to Emperor Hirohito. Gen. Gen Sugiyama, Minister of War, was subsequently received in audience. Earlier Gen. Sugiyama supplied members of the Cabinet with detailed information of new developments on the frontier.

Another possible incident was seen to-day in a message to the Tokyo "Nichi-Nichi," from its Harbin correspondent, who reported that anxiety was being felt for the safety of the ss. Hsingkai which left Hulin, on the Ussuri River, for the Amur on June 30. The same evening the Manchoukuo ship reached Fuyuan, near the junction of the two rivers, but thereafter no response was received from the steamer to radio queries. Another Manchoukuo ship yesterday got through the main channel above Chikeh despite interference from two Soviet gunboats, the report added.

The correspondent further reported that a part of the Soviet force on Bolshoi and Sennuha began to evacuate the two islands yesterday morning, in the direction of Constantinovsky and Novopetrovsky villages.

Concentration of large bodies of Soviet troops is continuing in the two Soviet villages, the message added.

The report of the evacuation of the islands could not be confirmed officially.—Domei.

AUSTRO-GERMAN PARLEYS TO BEGIN NEXT WEEK

Vienna, July 2.

The Austro-German Government negotiations, the postponement of which caused much conjecture in the foreign press, will begin on July 7 here, according to informed circles. The Austrian Minister of Foreign Affairs, Dr. Guido Schmidt, is expected to preside.—Trans-Ocean.

Main Issues of U.S. Steel War Still Unsettled

Mediation Board Blames Companies

WORK RESUMING

Written Contract Issue Holds Up Peace

Chicago, July 1.

Settlement of the Inland Steel Co. strike, announced yesterday, includes all issues except the demand of the Steel Workers Organizing Committee for a written contract with the company.

The company agreed to recognize the S.W.O.C. as collective-bargaining agent for its employees. The demand for a written contract is being adjudicated by the National Labour Relations Board in hearings here.

The Youngstown Sheet & Tube Co., another of the major independent steel producers affected by the strike, deferred re-opening of its plants. The Republic Steel Co., was operating its South Chicago plant to-day, and the Republic, Youngstown and Bethlehem Steel Companies were operating in East Chicago.—United Press.

Mediation Board's Criticisms

Washington, July 1.

The Federal mediation board to-night criticized independent steel companies for refusing to enter into an agreement with the Committee for Industrial Organization and reported that a face-to-face conference between employers and the unions alone could settle the current steel strike in seven states.

The board's report, made public by the Secretary of Labour, Miss Frances Perkins, disclosed that Mr. John L. Lewis, head of the C.I.O., offered to absent himself from a collective bargaining conference with the steel operators if objections to his presence were thwarting a face-to-face meeting.

Mr. Ralph Beck, a Chicago reporter who witnessed the Memorial Day steel strike riot in Chicago which took ten lives, gave evidence before the Senate Civil Liberties Committee to-day that he saw policemen fire directly into the crowd of demonstrators. He said the first shot came from the police.—United Press.

WHAT IT IS LIKE UP IN THE AIR

Flgt.-Lt. M. J. Adam Tells of Altitude Flight

London, July 1.

Flgt.-Lt. M. J. Adam, who piloted a Bristol 138 monoplane with a special Pegasus engine with a two stage super-charger, when it set up the new altitude record yesterday, stated on landing that he had been quite comfortable on the flight and that everything had worked perfectly.

The height achieved was 53,937 ft., roughly 10¼ miles, and restored the record to Britain. One month ago Italy held it, Col. Mario Pezzi having in May climbed to 51,362 ft.

The flight is regarded in service quarters as a magnificent technical achievement. In conversation after the flight, Flgt.-Lt. Adam admitted having made half a dozen flights to nearly 50,000 ft.

The wind in the upper regions was strong and from the west, and the flight registered 77.8 millimetres of mercury with the lowest temperature at minus 48.9 deg. C., both measurements being the highest point attained.—Wireless through Reuter.

KING GEORGE CREATES ROYAL PRECEDENT

R.A.F. Uniform Worn for Court for First Time

SPECIAL TO THE "N.C.D.N."

London, July 1.

There were two distinguishing features at the Court this evening, the last to be held at Buckingham Palace during Coronation year. One was the wearing of Royal Air Force uniform for the first time by a King of England holding Court. The other was the wearing of the world-famous Koh-i-noor diamond by the Queen, also for the first time.

There were more than 600 guests present at the Court.

Two more Courts will be held next week at Holyrood, during the Royal visit to Edinburgh.

It is stated that the King and Queen will visit Wales on July 14. They will drive from Cardiff to Swansea through some of the distressed areas by way of Pontypridd, Mountain Ash, Aberdare and Neath.—Wireless and Reuter.

NEW U.S. AMBASSADOR TO BELGIUM

Mr. Hugh Gibson, Former Envoy To Brazil, Named

Washington, July 1.

President Roosevelt to-day nominated Mr. Hugh Gibson as the new United States Ambassador to Belgium.

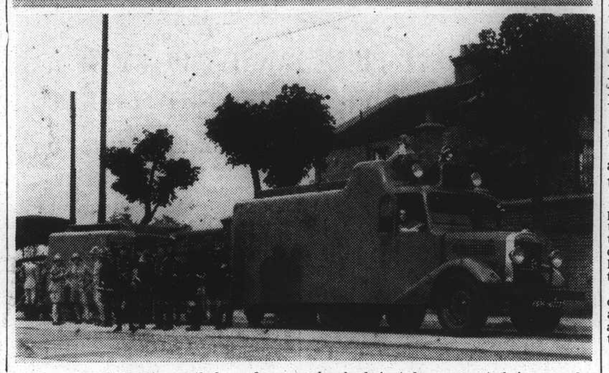
Mr. Gibson visited Belgium during his leave last spring when he was Ambassador to Brazil. He is credited with having persuaded the Belgian Prime Minister, M. Paul Van Zeeland, to undertake his recent mission to the United States.—Reuter.

"N.-C.D.N." CORONATION MEMORIAL FUND

Previously acknowledged		$97,258.54
Yee Tsoong Tobacco Co., Ltd.'s Pootung Factory Staff, as follow:—		
G. M. Popple	$10.00	
R. H. Henington	5.00	
W. C. D. Taylor	10.00	
S. A. Grew	10.00	
F. J. Grew	10.00	
		45.00
		$97,303.54

CHINA SOAP WORKS SCENE OF RIOT

"N.C.D.N." Photos.



Three hundred disgruntled workmen, who had just been granted increased pay, struck at the China Soap Company plant yesterday afternoon, demanding further money. They engaged in a fight with the police, in which several were injured on both sides. Scenes from the riot are shown above, with the "red marias" of the Reserve Unit standing by in Yangtszepoo Road.

Opium Suppression Plan

A proposal to extend the Opium Suppression Six-Year Plan to the International Settlement is discussed in a leading article on page 4. The dangerous implications of certain aspects of such a development in the Settlement are frankly exposed and examined.

Fiery Leader of German Pastors Is Now Arrested

Dr. Martin Niemoeller Held for Incitement

OUTSPOKEN PREACHER TAKEN TO PRISON

Berlin, July 1.

Dr. Martin Niemoeller, leader of the Confessional Movement in the German Evangelical Church and outstanding figure among Opposition pastors, was taken into custody and conveyed to Moabit prison to-day.

In the wave of arrests of Protestant clergymen in the past few weeks Dr. Niemoeller, who is a former submarine commander, remained immune despite his outspoken sermons in a fashionable Berlin suburban church. He was, however, repeatedly summoned to police headquarters for long interrogations.

Dr. Niemoeller, in an official announcement of his arrest, is accused of "making inciting speeches and disparaging remarks about leading personalities of the State, of spreading untrue assertions about Government measures to disquiet the population and of asking the people to oppose State laws and regulations."

In an attack last year on the Church Administration set up by Herr Hano Kerrl, the Minister of Church Affairs, Dr. Niemoeller declared that "a politicized Church is no longer free to be loyal to Gospel and confession." He also said that the German Protestant Church was now a State Church, an instrument of the political authorities.

In March this year, Dr. Niemoeller read out in the Dahlem Church, of which he was pastor, a list of churchmen still in concentration camps or banned from their parishes. He asked his congregation to pray for them.—Reuter.

DISCHARGED NEW YORK W.P.A. MEN RIOT

New York, July 2.

Three persons were hurt and 130 arrested here yesterday as several hundred W.P.A. unemployed, recently discharged from their government-created jobs, scuffled angrily with police. The Government has decided that the Works Progress Administration, which provides work for 160,000 men and women in New York alone, has been a disappointing experiment so that 11,800 relief workers were cast off the pay rolls since the day before yesterday; another 34,000 will be out of work by October 15.—Havas.

China Progress Highly Praised By U.S. Leaders

Great Leniency in Granting of Credits Favoured

DR. KUNG'S MISSION MOST IMPRESSIVE

Washington, July 1.

Mr. Warren L. Pierson, president of the Export-Import Bank who recently made a tour of inspection of China, to-day praised the progress in the unification of China. He reported he had received an extremely cordial reception throughout his long tour in China.

"My general impression," Mr. Pierson told the United Press, "is that China's unification programme has progressed. Railways, which I particularly studied, showed progress. I felt that the Minister of Railways, Mr. Chang Kai-ngau, was following a very constructive programme of rail development. Because of the geographical similarity of China and the United States, their railway problems are similar to ours and they now are confronted with problems which we already have conquered.

"I enjoyed my conversations with Mr T. V. Soong on the operations of China's currency system. In Peiping I had a pleasant talk with Dr. Hu Hsih and at Nanking with Dr. Franklin Ho. I also had the honour and pleasure of meeting Madame Chiang Kai-shek and Madame H. H. Kung."

Mr. Pierson pointed out the development of the Canton-Peiping railway connections and cited the ease of flying by aeroplane from Hankow to Chungking compared with the old modes of travel in China.

Following a meeting with Dr. H. H. Kung, Mr. Sol Bloom, Democratic Representative from New York, said to-day he was much impressed by reports of progress in China, particularly in transportation, communications and unification of the nation.

More Leniency Favoured

Mr. Jesse P. Wolcott, Republican Representative from Michigan, told the United Press, "China's attachment to gold under her new monetary programme, and association of her currency with the dollar and pound sterling is constructive and encouraging. However, I feel that China in effect is more closely linked to the pound because our Government has bungled monetary relations with China. Something to improve our contacts probably still can be done if China desires funds to improve herself.

"From our position as the world's banker with tremendous gold supplies we possibly could assist her. I favour leniency in credits to China for the purpose of ascertaining what her leaders can do if afforded the opportunity.

"I also am favourably inclined toward some trade agreement with China. Her large population affords great trading possibilities. If there is any truth in the theory of the Secretary of State, Mr. Cordell Hull, that in order to sell we must buy, then I would be inclined to grant China greater concessions than other nations in the hope of developing large and mutual trade."—United Press.

"YOSHIWARA" FILM FOR PARIS

Gaimusho Informed of Good Reception of Production

Tokyo, July 2.

Renamed "Sacrifice," because of official Japanese objections, a motion picture based on an original story entitled "Yoshiwara" by M. Maurice Dekobra, the noted French author, opened at the Marignan Theatre, on the Champs-Elysees, Paris, yesterday morning, the Foreign Office was advised to-day.

The production was "well received" in spite of stage settings and scenes that "obviously were not Japanese," according to the report.

Deletion of a scene showing Miss Michiko Tanaka, in the role of a Yoshiwara inmate, taking a bath in a beer barrel and other sequences considered "contemptuous" of Japan, will be requested of the producers by the Japanese Embassy.

A threat that unless drastic revisions were made in the story, all future productions of the Lux Company would be banned in Japan was made by the Home Office several months ago, after consultation with the Foreign Office.

In addition to Miss Tanaka, Mr. Sessue Hayakawa, who once starred in American motion pictures, has a part in the production.

The plot, to which Home Office censors took umbrage, involved the loss of some secret documents by a Captain Dan of the Japanese General Staff, who deserts his only daughter for days in the Yoshiwara, "absorbed in drinking and gambling" finally to be discharged from the service.—Domei.

ITALY, GERMANY REJECT PATROL OF SPAIN PLAN

Granting of Belligerent Rights Suggested

JOINT DEMARCHE

Continuance of System of Supervision Asked

London, July 2.

Virtual rejection of the patrol system in Spanish waters is contained in a joint statement made by the Italian and German Ambassadors, Count Dino Grandi and Herr Joachim von Ribbentrop, at a meeting of the Non-Intervention Committee at the Foreign Office this morning.

The system, the statement contends, has utterly failed and would be unnecessary henceforth but it affirms the principle of non-intervention and recommends:

1. Granting belligerent rights to both parties in Spain because this would have the immediate effect of strengthening the non-intervention policy in consequence of neutrals and belligerents having additional obligations according to international law.
2. Continuance of the present system of supervision on Spanish land frontiers as well as in ports and with observers aboard ships belonging to non-intervention countries.

In conclusion, the statement welcomes further suggestions along these lines.

The meeting, which was specially called to hear the replies of the German and Italian Governments to the Franco-British offer to close the gap in the Spanish control system caused by withdrawal of Italian and German ships, began at 11 a.m. and adjourned at 1.45 p.m. until 4.30 p.m.

It is reliably understood that a deadlock was reached over the rival Italo-German and Anglo-French plans at this morning's meeting. The task of the meeting this afternoon is merely to draft a communique registering the present position. The new situation will be referred to a meeting of the full Committee for further consideration.—Reuter.

ITALIAN ASSERTION IS REFUTED

London Aircraft Company on Air Ambulance Talks

Rome, July 1.

The fierce anti-British campaign in the Italian press, now going on, alleges to-day that Great Britain has actively helped the Reds in Spain.

Signor Gayda, editor of Il Duce's newspaper, "Popolo d'Italia," accuses Britain of intervention and alleges that the British ships which went to Bilbao to evacuate refugees, carried four new batteries. He further accuses a London aircraft company of negotiating with a Basque Government agent in Paris for the sale of fifteen Hawker Fury 'planes.—Reuter.

Aircraft Charge Refuted

London, July 1.

The London aircraft company accused by Signor Gayda, said to-day there was no truth in the statement as the company had received inquiries for the supply of air ambulances for Spain and had replied that it would be pleased to supply them if export licenses could be obtained. Apparently, however, the Non-Intervention Committee decided that the Geneva Convention, for succour of the wounded in war, did not apply to the Spanish War.—Reuter.

FRANCE IN ACCORD WITH BRITAIN

M. Delbos Says Situation Serious but Not Tragic

Paris, July 1.

"The situation is obviously serious," said M. Yvon Delbos, the Foreign Minister, in a statement to-day to the Foreign Affairs Committee of the Chamber of Deputies in reply to a question regarding the tension created by the Spanish situation.

M. Delbos added that he never considered the situation "tragic," and it could only improve with a policy of firmness and perfect understanding with Great Britain.

France would continue firmly to uphold non-intervention and effective control but a situation might arise, he pointed out, where the limitations, which France and Great Britain had freely imposed on themselves, would have to be abandoned. Such a step would only be taken as a last resort if the attitude of Germany and Italy entails the breakdown of the whole system of non-intervention.—Reuter.

BRITISH ARMY OFFICER REFUSES TO BUDGE

Tarbes, July 2.

A British Army officer, Col. Lunn, a member of the Pyrennees frontier non-intervention control service, refused to be budged from his post yesterday by local press reports that the Non-Intervention Committee had been dissolved. He stoutly declared he had received no orders from London and that "until we receive a precise order, the inspection service will continue its work the length of the Pyrennees frontier."—Havas.

BASQUES USE POISON GAS SHELLS

Bilbao, July 2.

Poison gas shells were used by the Basque forces in recent fighting at Cilleruelo de Bricias. Of forty shells fired, 39 exploded and the one shell which failed to explode was taken to Victoria. Examination by Nationalist chemists showed that the shell contained arsenic gas. It is also stated that several Nationalist soldiers at Cilleruelo showed typical symptoms of arsenic poisoning.—Trans-Ocean.

M. Georges Bonnet

Prices Control Follows French Franc Lowering

Cost of Living Now Risen 33 Per Cent. Higher

TRIPARTITE MONETARY ACCORD REAFFIRMED

Paris, July 1.

A Government decree controlling prices will be published to-morrow.

The cost of living in France is now 33 per cent. more than a year ago, while wholesale prices are up 40 per cent.—Reuter.

Paris, July 2.

The decree forbids price increases throughout France and includes all prices in the wholesale and retail trade and any price tariffs of industrial and trade enterprises which had been effective on June 28, 1937. Infringements by wholesalers will be punished with imprisonment of one to six months and a fine of Frs. 500 to Frs. 10,000 while infringements by retailers with a fine of Frs. 50 to Frs. 500.—Trans-Ocean.

Tripartite Accord Affirmed

Paris, July 2.

The mutual intention of France, Britain, and the United States to stand by the terms of the Tripartite Monetary Accord and continue close co-operation despite the devaluation of the French franc was cemented yesterday in a series of telegrams exchanged between the three capitals.

France's Finance Minister, M. Georges Bonnet, received messages from the British Chancellor of the Exchequer, Sir John Simon, and the U.S. Secretary of the Treasury, Mr. Henry Morgenthau, couched in identical terms and declaring: "I look forward with pleasure to the continuation of intimate co-operation between our two treasuries within the framework of the Three-Power Accord."

M. Bonnet replied identically to London and Washington, "The French Government attach great value to the intimate co-operation uniting our two treasuries. The energetic effort for financial recovery which we are decided to effect will permit us to pursue successfully the policy of the Three-Power declaration and put an end to the difficulties with which we are confronted."

Bank Returns Issued

The balance sheet for the Banque de France, published last night for the week ending June 24, showed two important trends. The first was the drop in the bank's gold reserves, which fell from Frs. 57,359,000,000 to Frs. 54,859,000,000. The second was the increase in advances to the State, which rose from Frs. 7,800,000,000 to Frs. 9,200,000,000.

During the week, it thus becomes apparent, the Exchange Equalization Fund was obliged to ask the bank to sell Frs. 2,500,000,000 worth of gold to help stabilize the franc, and the Treasury was obliged to borrow Frs. 1,400,000,000 from its account with the bank to meet its needs. It is predictable that in view of the statements of the Finance Minister, M. Bonnet to the Chamber, this dual movement will be continued in the week following.

The portfolio of commercial bills gained Frs. 807,000,000, doubtless on account of the monetary tension and contraction.

Fiduciary circulation increased to the extent of Frs. 186,000,000, while the total of creditors' accounts diminished by Frs. 714,000,000. Total liabilities thus decreased by Frs. 527,000,000, but since the fluctuation in the gold reserve was proportionately much more important, the coverage ratio fell from 54.92 per cent. to 52.80 per cent.—Havas.

CABINET CONSIDERS PARIS LOCKOUT

Hotel Strike Due To-day to Protest 40-Hour Week

Paris, July 2.

The threatened closing to-morrow of hotels and restaurants here in protest against the application of the 40-hour week, was considered in a Cabinet meeting yesterday.

Hoping to settle the strike, France's new Premier, M. Camille Chautemps, himself took a hand yesterday and interviewed delegates of the employers and their employees in an attempt to mediate. He met them again this morning.

M. Andre Fevrier, chairman of the Socialist (S.F.I.O.) faction in parliament, has proposed a compromise solution which the workers accept but their employers reject.—Havas.

LONDON-PORTSMOUTH RAIL ELECTRIFICATION

London, July 1.

The Southern Railway's main line between London and Portsmouth, electrified at a cost of £3,000,000, was opened to-day. The new service will double the number of trains along this 74-mile route.—Wireless through Reuter.

SIX POLICEMEN STONED IN RIOT AT SOAP WORKS

Three Foreigners Among Those Injured

300 COOLIES EVICTED

Increase Granted, But Workers Want More

Spurred on by agitators, 300 coolies at the China Soap Company factory, 2310 Yangtszepoo Road, rioted yesterday afternoon and fought a handful of police from the Yangtszepoo Station, injuring three foreign policemen and three Chinese constables with pieces of concrete. Ironically, the disturbance followed the announcement that a general increase and various other benefits had been granted the workers from London.

The men wanted still more!

The foreigners injured were Det. Sub-Insp. H. Willgoss, who is senior detective at Yangtszepoo Station; Det. Sergt. W. B. Hare-Duke, and Sergt. A. W. Smith. Hare-Duke and Smith both had to be taken to the General Hospital to be treated for face and scalp wounds. In addition, three Chinese constables suffered general body injuries and several of the rioters also were hurt. Nine of the leaders in the disturbance were arrested and will be brought before Court to-day.

Increase Announced

Yesterday morning the news that a general increase and a more favourable scale of gratuities had been sanctioned by the head office in England, was announced to the employees. Instead of being pleased they, however, started to make demands for further increments, and then struck at 1 o'clock. Before striking they stopped the boilers and machinery generally. They went into the Chinese mess-room and started discussing their position.

At 1.30 p.m. the management called the police from Yangtszepoo Station and efforts were made to settle the problem peacefully. No solution, however, was reached. The 300 coolies, backed by some 200 women workers, refused to leave the mess-room and refused to send delegates to negotiate with the management.

After several warnings the police were called upon to eject the workers, at 3.30 o'clock. Sub-Insp. A. Turner and Det. Sub-Insp. Willgoss entered the room with a detail of uniformed and plain-clothes men and ordered the workers to leave. There followed fifteen minutes of brisk battling in the room, the coolies using crockery and the legs of chairs against the police. They were shifted outside, however, and made to file out into Yangtszepoo Road through a small door, the main gate being closed.

Ammunition Handy

No sooner had they reached the roadway than they took advantage of the presence of piles of broken-up concrete left conveniently by road-workers. With this ammunition they renewed their attack on the comparatively small police party and inflicted the most serious injuries of the trouble. Det. Sergt. Hare-Duke received the worst treatment, being struck on the head and over the left eye and badly gashed. Sergt. Smith suffered cuts of the scalp, and Det. Sub-Insp. Willgoss cuts and bruises of the arms and legs.

A public omnibus was standing outside the factory as the concrete missiles started flying. The passengers fled in terror, but the bus itself did not escape altogether. A zooming chunk of concrete went crashing through one of the windows. In the factory, windows also had been broken during the battle.

As soon as the workers had been ejected, a lock-out was declared. The red vans of the Reserve Unit sped to the scene, but calm had then already been restored. After a short while the Reserve Unit returned to their barracks in Chemulpo Road.

Last night the factory was quiet, with men from Yangtszepoo Station guarding it. It was reported that the workers demand one month's pay a year for every year's service, as bonus.

SOVIET PURGE GOES ON RELENTLESSLY

Tass Agency Chief Reported Among Those Taken

Moscow, July 2.

It is stated on good authority that various members of the personnel of the Department for Foreign Affairs have been arrested. The rumour is confirmed of the arrest of the director of Tass, the official Soviet news agency, M. Doletzki, who apparently attempted to commit suicide and had to be conveyed to hospital in a critical condition. His post has been given to M. Sawinson.

Russian Composer Arrested

Moscow, July 2.

The popular Russian composer, M. Dunajevski, has been arrested near the Finnish frontier in his second attempt to escape to Finland. M. Dunajevski, who composed a number of marches also known abroad, had been jailed after a previous attempt to leave Soviet Russia. To regain the favour of the Government, he composed the song "to-day it is good, to-morrow it will be better," and was amnestied as a reward. The song became very popular here.—Trans-Ocean.

LORD NUFFIELD GIVES ANOTHER GIFT

London, July 1.

Lord Nuffield has sent a cheque for £146,581 to the Birmingham Hospital Centre to cover the cost of the Nurse's Home and college of nursing. He contributed £52,000 to the Birmingham Hospital in 1932.—Wireless through Reuter.